



**US Army Corps  
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# NEWS RELEASE

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## **President's Fiscal Year 2008 Budget for U.S. Army Corps of Engineers' Civil Works released**

**Washington (February 5, 2007)** - The President's Budget for fiscal year 2008 (FY08) transmitted to Congress today includes \$4.871 billion in new federal funding for the Civil Works program of the U.S. Army Corps of Engineers.

Mr. John Paul Woodley, Jr., Assistant Secretary of the Army for Civil Works, said, "This civil works budget is the highest ever to be forwarded to Congress, and it provides critical funding for the U.S. Army Corps of Engineers to continue to contribute to the nation's economic and environmental well being.

"The budget funds the planning, design and construction of projects for the three main water resources mission areas of the Corps, which are commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration, and gives priority to those projects that will provide a high return on the nation's investment. The budget also emphasizes the performance of existing Civil Works projects by funding their operation, maintenance and rehabilitation at a level 9 percent higher than last year's budget," Woodley continued.

The Army Civil Works program additionally contributes to the protection of the nation's waters and wetlands; the restoration of sites contaminated as a result of the nation's early atomic weapons development program; and emergency preparedness for natural disasters.

The new federal funding in the Civil Works budget consists of \$3.889 billion from the general fund, \$735 million from the Harbor Maintenance Trust Fund, \$209 million from the Inland Waterways Trust Fund, \$37 million from Special Recreation User Fees, and \$1 million from Disposal Facilities User Fees.

The new federal funding will be distributed as follows among the appropriation accounts:

- \$2.471 billion for Operation and Maintenance
- \$1.523 billion for Construction
- \$260 million for Flood Control, Mississippi River and Tributaries
- \$180 million for the Regulatory Program
- \$177 million for Expenses
- \$130 million for the Formerly Utilized Sites Remedial Action Program
- \$90 million for Investigations
- \$40 million for Flood Control and Coastal Emergencies

**-MORE-**

## **President's Fiscal Year 2008 Budget for U.S. Army Corps of Engineers' Civil Works released/2-2-2**

Other sources of funding are estimated at \$535 million, which includes federal funding of \$81 million from the Coastal Wetlands Restoration Trust Fund and \$9 million in Permanent Appropriations. It also includes \$445 million paid by non-federal interests as Rivers and Harbors Contributed Funds.

The FY08 Operation and Maintenance (O&M) account is funded at \$2.471 billion, a \$213 million (more than 9 percent) increase from the FY07 Budget. The Budget emphasizes performance of existing projects by focusing on the maintenance of key commercial navigation, flood and storm damage reduction, hydropower, and other facilities. This funding level enables immediate maintenance and repair needs to be met, as well as financing rehabilitation work and initiatives such as asset management.

Among existing navigation projects, the FY08 Budget gives priority to the operation, maintenance, and rehabilitation of harbors and waterway segments that support high volumes of commercial traffic, including the nation's three busiest inland waterways – the Ohio River, the Mississippi River, and the Illinois Waterway. The Budget also funds harbors that support significant commercial fishing, subsistence, or public transportation benefits.

The FY08 Budget funds several activities in the O&M budget that have been traditionally funded in the construction budget. Transferring these activities to and funding them in the O&M program, as first proposed in the FY07 Budget, will improve accountability and oversight, reflect the full cost of operating and maintaining existing projects, and reflect an integrated investment strategy. The activities are:

- Rehabilitation of navigation and hydropower infrastructure, where the extent of the work is not large enough to be considered a replacement.
- Endangered Species Act compliance at operating projects.
- Construction of facilities, projects or features (including islands and wetlands) to use materials dredged during federal navigation maintenance activities.
- Mitigation of impacts on shorelines due to the operation and maintenance of federal navigation activities.

The FY08 construction budget is a performance-based budget. It uses objective, performance-based criteria to guide the allocation of funding towards the highest performing construction projects. Three key performance measures are the Benefit-to-Cost Ratio (BCR); risk to human safety; and, for aquatic ecosystem restoration projects, that the project must either cost-effectively help to restore a regionally or nationally significant ecosystem that has become degraded as a result of a Civil Works project or must be cost-effective and require the Corps' expertise in modifying an aquatic regime.

In recent years, many more construction projects have been authorized, initiated and continued than can be constructed efficiently. The funding of projects with low economic and environmental returns and of projects that are not within the main mission areas of the Corps has postponed benefits from the most worthy projects and significantly reduced overall program performance. To remedy this and achieve greater value from the Civil Works construction program, the Budget funds 69 construction projects

**-MORE-**

## **President's Fiscal Year 2008 Budget for U.S. Army Corps of Engineers' Civil Works released/3-3-3**

including those that provide the highest net economic and environmental returns on the nation's investment; that address significant risk to human safety; and dam safety assurance, seepage control, and static instability efforts. They include six national priority projects; 11 dam safety assurance, seepage control, and static instability correction projects; 52 other continuing projects.

By Corps business line, the 69 funded construction projects comprise 43 Flood and Coastal Storm Damage Reduction projects, 17 Navigation projects, six Aquatic Ecosystem Restoration projects (including one related to a funded Navigation project), and four Hydropower replacement projects.

The six national priority construction projects are: the New York and New Jersey Harbor deepening project (\$91 million); the Oakland Harbor deepening project (\$42 million); construction of the Olmsted Locks and Dam, IL & KY (\$104 million); projects to restore the Florida Everglades/South Florida ecosystem (\$162 million) and the side channels of the Upper Mississippi River system (\$23 million); and the Sims Bayou, Houston, TX, flood damage reduction project (\$24 million).

The FY08 Civil Works Budget includes three significant aquatic ecosystem restoration initiatives. They are:

- Missouri River Fish and Wildlife Recovery – The Corps will begin construction to modify Intake Dam on the Yellowstone River to enhance pallid sturgeon survival (\$15 million – O&M funded).
- Everglades/South Florida Ecosystem Restoration – To build on the success of the Kissimmee River restoration, the Budget funds a study to reevaluate the federal interest in expanding the Kissimmee River area of restoration to reduce peak flows to Lake Okeechobee and achieve additional aquatic ecosystem benefits (\$750,000 – Construction funded).
- Chicago Sanitary and Ship Canal Dispersal Barriers on the Illinois Waterway – The Budget proposes the authorization of improvements to the existing demonstration project barrier, and of additional funding authority to complete a second electric barrier. These electric barriers will work as a system to protect the Great Lakes ecosystem from the northerly migration of Asian carp and other invasive species (\$7.65 million – Construction funded).

The Corps' FY08 Regulatory Program is budgeted at \$180 million, a \$7 million increase from the FY07 Budget. These funds will enable the Corps to continue to protect and preserve the nation's water-related resources, improve compliance and enforcement of wetlands regulations, and improve the permitting process.

Funding for emergency preparedness is increased by 25 percent from the FY07 Budget to \$40 million. This will prepare the Corps to more effectively respond to natural disasters through increased emergency response training; improved coordination and communication with other federal, state and local agencies; maintenance of larger emergency supply inventories; and the purchase of additional rapid response vehicles.

**-MORE-**

## **President's Fiscal Year 2008 Budget for U.S. Army Corps of Engineers' Civil Works released /4-4-4**

The Budget also includes about \$20 million to apply lessons learned from hurricanes Katrina and Rita, \$10 million to continue the national inventory and assessment of flood and storm damage reduction projects, \$10 million to assess the safety of the Corps' portfolio of dams, and \$2 million for increased cooperation with FEMA's flood plain programs.

Recreation activities are provided a total of \$267 million in FY08 from the O&M and MR&T accounts. The Budget also re-proposes a recreation facility modernization initiative through which the Corps would fund a portion of the cost to maintain and upgrade recreation facilities through the collection of additional user fees and partnerships with non-federal interests.

The Administration also is developing and will propose legislation to collect a user fee from the barges that use the inland waterways. The existing tax covers only about 10 percent of the total costs that the Corps incurs to make barge transportation possible on the inland waterways system. The proposed fee would promote the efficient use of the nation's overall resources and require the commercial interests that benefit from federal capital investments on the waterways to carry more of the costs.

To provide greater near-term hurricane and storm damage reduction for the broader New Orleans metropolitan area, the Budget includes FY07 supplemental language to reallocate \$1.3 billion in existing unobligated funds from the 4<sup>th</sup> Emergency Supplemental Act of 2006 (Public Law 109-234) to fund the highest priority remaining work in the 3<sup>rd</sup> Emergency Supplemental Act of 2006 (Public Law 109-148). The reallocated funds would be used by the Corps to continue to restore projects to their design levels and to accelerate the completion of unconstructed portions of authorized works.

The mission of the United States Army Corps of Engineers, the world's preeminent public engineering agency, is to provide quality, responsive engineering services to the Nation and its armed forces. The Corps plans, designs, builds and operates water resources projects; designs and manages military facilities construction for the Army and Air Force at home and abroad; provides design and construction management support for other Defense and federal agencies; cleans hazardous areas across the Nation through the Formerly Used Defense Sites program and the Formerly Utilized Sites Remedial Action Program; and conducts state of the art engineering research and design at its Engineer Research and Development Center.

The FY08 Army Civil Works budget information, including a state-by-state breakdown, will be available at [www.usace.army.mil/civilworks/cecwb/budget/budget.pdf](http://www.usace.army.mil/civilworks/cecwb/budget/budget.pdf).

**-30-**

**Walla Walla District editor's note** -- For Southeastern Washington and Idaho, the areas administered by the Corps' Walla Walla District, the new federal funding includes \$27 million for the Operation and Maintenance account.

**-MORE-**

**President's Fiscal Year 2008 Budget for U.S. Army Corps of Engineers' Civil Works released /5-5-5**

Funding for the Walla Walla District would support the following projects and programs: McNary Lock and Dam, Ice Harbor Lock and Dam, Lower Monumental Lock and Dam, Little Goose Lock and Dam, Lower Granite Lock and Dam, Dworshak Dam and Reservoir, Mill Creek Dam and Bennington Lake, Lucky Peak Dam and Lake, and the Jackson Hole Levees.

Funding will also be provided to further efforts to improve conditions at dams on the Columbia and Snake rivers for the benefit of migrating salmon.

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